

**ASSEMBLY BILL**

**No. 1029**

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**Introduced by Assembly Member Blumenfield**

February 27, 2009

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An act to add and repeal Sections 17053.91 and 23649.1 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1029, as introduced, Blumenfield. Manufacturers' investment credit: qualified solar energy materials.

The Personal Income Tax Law and the Bank and Corporation Tax Law authorizes various credits against the taxes imposed by that law.

This bill would allow a credit for taxable years beginning on or after January 1, 2009, and before January 1, 2011, in an amount equal to an unspecified percent of the amount paid or incurred during the taxable year by a qualified taxpayer in connection with the manufacture of qualified solar energy materials.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17053.91 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17053.91. (a) For taxable years beginning on or after January
- 4 1, 2009, and before January 1, 2011, there shall be allowed as a
- 5 credit against the "net tax" (as defined in Section 17039) for the

1 taxable year an amount equal to \_\_\_\_ percent of the amount paid  
2 or incurred during the taxable year by a taxpayer in connection  
3 with the manufacture of qualified solar energy materials.

4 (b) For purposes of this section:

5 (1) “Manufacturing” means combining or processing  
6 components or materials to increase their value for sale in the  
7 ordinary course of business, but does not include construction,  
8 farming, power generation, or processing natural resources.

9 (2) “Qualified solar energy materials” means materials used in  
10 solar energy systems that meet standards established by the  
11 California Energy Commission and are approved for use in the  
12 California Solar Initiative.

13 (c) In the case where the credit otherwise allowed under this  
14 section exceeds the “net tax” for the taxable year, that portion of  
15 the credit that exceeds the “net tax” may be carried over to reduce  
16 the net tax in the following taxable year, and the succeeding four  
17 taxable years if necessary, until the credit is exhausted.

18 (d) The Franchise Tax Board may prescribe rules and regulations  
19 to carry out the purposes of this section, including any rules and  
20 regulations necessary to prevent the avoidance of the effect of this  
21 section through splitups, shell corporations, partnerships, tiered  
22 ownership structures, sale-leaseback transactions, or otherwise.

23 (e) This section shall remain in effect only until December 1,  
24 2011, and as of that date is repealed.

25 SEC. 2. Section 23649.1 is added to the Revenue and Taxation  
26 Code, to read:

27 23649.1. (a) For taxable years beginning on or after January  
28 1, 2009, and before January 1, 2011, there shall be allowed as a  
29 credit against the “tax” as defined in Section 23036 for the taxable  
30 year an amount equal to \_\_\_\_ percent of the amount paid or incurred  
31 during the taxable year by a taxpayer in connection with the  
32 manufacture of qualified solar energy materials.

33 (b) For purposes of this section:

34 (1) “Manufacturing” means combining or processing  
35 components or materials to increase their value for sale in the  
36 ordinary course of business, but does not include construction,  
37 farming, power generation, or processing natural resources.

38 (2) “Qualified solar energy materials” means materials used in  
39 solar energy systems that meet standards established by the

1 California Energy Commission and are approved for use in the  
2 California Solar Initiative.

3 (c) In the case where the credit otherwise allowed under this  
4 section exceeds the “net tax” for the taxable year, that portion of  
5 the credit that exceeds the “net tax” may be carried over to reduce  
6 the net tax in the following taxable year, and the succeeding four  
7 taxable years if necessary, until the credit is exhausted.

8 (d) The Franchise Tax Board may prescribe rules and regulations  
9 to carry out the purposes of this section, including any rules and  
10 regulations necessary to prevent the avoidance of the effect of this  
11 section through splitups, shell corporations, partnerships, tiered  
12 ownership structures, sale-leaseback transactions, or otherwise.

13 (e) This section shall remain in effect only until December 1,  
14 2011, and as of that date is repealed.

15 SEC. 3. This act provides for a tax levy within the meaning of  
16 Article IV of the Constitution and shall go into immediate effect.